

**IMPERIAL CALCASIEU REGIONAL PLANNING &  
DEVELOPMENT COMMISSION**

**FINANCIAL REPORT**

**JUNE 30, 2013**

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

Lake Charles, Louisiana

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# McELROY, QUIRK & BURCH

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11650.000 Audit 6/30/2013 1100.001 financial report

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors  
Imperial Calcasieu Regional Planning  
and Development Commission  
Lake Charles, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities funds and each major fund of Imperial Calcasieu Regional Planning and Development Commission as of June 30, 2013, and the respective changes in financial position for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Imperial Calcasieu Regional Planning and Development Commission's basic financial statements. The schedule of revenues and expenditures - grant funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues and expenditures-grant funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures-grant funds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of the Imperial Calcasieu Regional Planning & Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*McElroy Quirk & Busch*

Lake Charles, Louisiana  
December 19, 2013

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF NET POSITION

June 30, 2013

ASSETS	Governmental Activities
CURRENT ASSETS	
Cash and cash equivalents	\$ 265,249
Grants receivable	38,752
Dues receivable	11,560
MPO dues receivable	9,797
Miscellaneous receivable	5,958
Prepaid expenditures	<u>5,079</u>
Total current assets	336,395
NONCURRENT ASSETS	
Capital assets, net	<u>-</u>
Total assets	<u>336,395</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued expenditures	13,640
Leave payable	6,668
Deferred revenue	<u>129,337</u>
Total current liabilities	<u>149,645</u>
NET POSITION	
Restricted for:	
Prepaid expenditures	5,079
Unrestricted	<u>181,671</u>
Total net position	<u>\$ 186,750</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expense)
Planning and development	\$ 127,646	\$ 154,497	\$ -	\$ 26,851
EDA programs	48,922	-	48,922	-
FHWA programs	260,900	-	260,900	-
FTA programs	61,561	-	61,561	-
FTA RT programs	10,012	-	9,996	(16)
Delta region program	4,762	-	11,542	6,780
LAPDD program	3,249	-	-	(3,249)
Total governmental activities	<u>\$ 517,052</u>	<u>\$ 154,497</u>	<u>\$ 392,921</u>	<u>\$ 30,366</u>
General revenues:				
Interest				<u>\$ 269</u>
Change in net position				\$ 30,635
Net position- beginning of year				<u>156,115</u>
Net position- end of year				<u>\$ 186,750</u>

The accompanying notes are an integral part of this statement.



IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BALANCE SHEET - GENERAL FUND  
June 30, 2013

ASSETS

Cash and cash equivalents	\$ 265,249
Grants receivable	38,752
Miscellaneous Receivable	5,958
Dues receivable	11,560
MPO dues receivable	9,797
Prepaid expenditures	<u>5,079</u>
Total assets	<u>\$ 336,395</u>

LIABILITIES

Accrued expenditures	\$ 13,640
Deferred revenue	<u>129,337</u>
Total liabilities	<u>142,977</u>

FUND BALANCES

Unassigned fund balance	188,339
Nonspendable - prepaid expenditures	<u>5,079</u>
Total fund balances	<u>193,418</u>
Total liabilities and fund balances	<u>\$ 336,395</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2013

Total governmental fund balances	\$ 193,418
Amounts reported for governmental activities in the statement of net position are different because:	
Balances for compensated absences are not reported in the fund	<u>(6,668)</u>
Net position of governmental activities	<u>\$ 186,750</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GENERAL FUND

Year Ended June 30, 2013

REVENUES

Federal and state grants	\$ 313,759
Local match - IMCAL	94,611
Dues	122,822
Interest income	269
Other income	<u>16,226</u>
Total revenues	<u>547,687</u>

EXPENDITURES

Current operations:	
Planning and development	123,193
Economic development program	48,922
FHWA program	260,900
FTA program	61,561
FTA RT program	10,012
Delta regional program	4,762
LAPDD program	<u>3,249</u>
Total expenditures	<u>512,599</u>

Excess revenues over expenditures	35,088
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Fund balance - beginning of year	<u>158,330</u>
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Fund balance - end of year	<u>\$ 193,418</u>
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The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 35,088
Amounts reported for governmental activities in the statement of activities are different because:	
Decrease in compensated absences balances is revenue in the governmental funds, but the obligation increases long-term liabilities in the statement of net position	999
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period	<u>(5,452)</u>
Change in net position of governmental activities	<u>\$ 30,635</u>

The accompanying notes are an integral part of this statement.

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of IMCAL conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

Imperial Calcasieu Regional Planning and Development Commission (IMCAL) was created for the purpose of coordinating and assisting in the planning, developing and implementing of local, state, and federal programs on a regional basis. Improved communication and coordination among the planning efforts of the above programs was a primary goal of the eight regional planning and development districts, of which IMCAL represents District 5.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the AICPA industry audit guide, *Audits of State and Local Governmental Units*.

This report includes all funds that are controlled by or dependent on the Board of Commissioners of the Imperial Calcasieu Regional Planning and Development Commission. Control by or dependence on the Board of Commissioners was determined on the basis of financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity. Based on the foregoing criteria, it was determined that no other agency should be included in this reporting entity.

B. New Accounting Pronouncements

During the fiscal year ended June 30, 2013, the Commission adopted GASB 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. In April, 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, Items Previously Reported as Assets and Liabilities. The statement clarifies the appropriate reporting of deferred outflows of resources or deferred inflows of resources to ensure consistency in financial reporting. The provisions of GASB Nos. 65 must be implemented by the Commission for the year ending June 30, 2014. The effect of implementation of the Commissions' financial statements has not yet been determined.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Position and the Statement of Activities report financial information for the Commission as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly

connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

#### FUND FINANCIAL STATEMENTS

IMCAL segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. IMCAL has no proprietary activities.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

#### GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund. Grants received by IMCAL are characterized by administrative and/or direct financial involvement. As such, they are accounted for in the general fund.

#### D. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the

relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### E. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.



Fund balances:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position:

Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

F. Budgets and Budgetary Accounting

Budgets for the various programs are prepared by the Executive Director and approved by the Board of Directors. The original and subsequent amendments are also approved by the Board. The original budget was adopted on May 29, 2012 and was amended on May 12, 2013. The final amended budget is presented in these financial statements. Formal budgetary integration is employed as a management control device during the year.

Encumbrance accounting is not used.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. IMCAL considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost. At June 30, 2013, IMCAL had no cash equivalents.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the IMCAL to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

H. Prepaid Expenditures/Nonspendable-Prepaid Expenditures

The Commission has purchased commercial auto, dishonesty, and worker's compensation insurance. The coverage is consistent with that from prior years. The Commission has elected not to expense amounts paid for the portion of insurance coverage that extends into the next fiscal year. The fund balance in the governmental fund type is nonspendable for the prepaid expenditures recorded in these funds to reflect the amount of fund balance not currently available for expenditures.

I. Capital Assets and Depreciation

Capital assets - In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Computer equipment, including software	5 - 10 years
Furniture, office equipment	5 - 10 years

IMCAL has no infrastructure assets.

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

J. Accumulated Leave

For governmental fund types, the Commission's liability for accumulated unpaid annual leave has been recorded on the Statement of Net Position. These amounts will be recorded as expenditures in the year in which they are paid or become due on demand to terminated employees. For monthly grant reporting purposes, the Commission allocates a portion of the earned annual leave as a salary cost and thus, the program is not charged when the actual leave is taken. The Commission's sick leave policy does not provide for the vesting of sick leave.

The Commission's employees earn annual leave at a rate of twelve days per year for employees with less than two years of service and fifteen days per year for employees with over two years of service. A maximum of 20 vacation days may be accrued. A liability for such accruals has been provided; however, no liability is reported for unpaid accumulated sick leave.

K. Deferred Compensation

IMCAL offers employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with provisions of GASB Statement No. 32, plan balances and activities are not reflected in the financial statements.

L. Deferred Revenue

Deferred revenue is provided for the 2013-2014 dues (\$129,337) that are billed in the current year but are not due and payable until the following year.

M. Cost Allocation Plan

Direct costs are charged directly to the grant in which the expenditure is incurred. All other costs not identifiable as direct charges are regarded as indirect costs and accumulated in a pool. This pool is distributed monthly to the grants based on the proportion of each grant's direct labor costs to total direct labor costs for that month.

Note 2. Cash and Cash Equivalents

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

IMCAL maintains demand and time deposits through local depository banks that are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district.

Bank demand and time deposits at year end of \$271,923 (bank balances) were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in IMCAL's name.

Interest rate risk. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Commission has no investment policy that would further limit its investment choices.

Concentration of credit risk. The Commission places no limit on the amount the Commission may invest in any one issuer.

Note 3. Receivables

Grants receivable at June 30, 2013, consisted of reimbursements for expenditures incurred under the following programs:

<u>Program</u>	<u>Amount</u>
FHWA grant	\$ 16,368
FTA grant	7,039
EDA grant	3,803
Delta grant	<u>11,542</u>
Total	<u>\$ 38,752</u>

Management does not believe that there is a credit risk exposure in relation to any of the above receivables.

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>7/1/12</u>		<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/13</u>
Computers, furniture and equipment	\$ 186,679	\$	-	\$ (118,713)	\$ 67,966
Leasehold improvements	7,601	-		(7,601)	-
Accumulated depreciation	<u>(188,828)</u>		<u>(5,452)</u>	<u>126,314</u>	<u>(67,966)</u>
Capital assets, net	<u>\$ 5,452</u>	\$	<u>(5,452)</u>	\$ -	\$ -

Note 5. Changes in Accrued Leave Payable

The following is a summary of transactions relating to the Commission's leave payable during fiscal year ended June 30, 2013:

	<u>Balance</u> <u>7/01/12</u>		<u>Principal</u> <u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/13</u>
Accumulated unpaid vacation	\$ 7,667	\$	1,869	\$ (2,868)	\$ 6,668

Note 6. Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Commission classifies governmental fund balances as follows:

Nonspendable:

Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted:

Includes fund balance amounts that are constrained for specific purposes which are internally imposed or externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

Committed:

Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the Commission Board) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

Assigned:

Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Executive Director.

Unassigned:

Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Commission uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Commission would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Commission does not have a formal minimum fund balance policy.

Note 7. Economic Dependency/Funding Sources

The Commission receives the majority of its revenue from funds provided through grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Commission receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Commission will receive in the next fiscal year.

During the year, the Commission received the following amounts from various grants:

Federal and state grants:

Economic Development Administration (EDA)	\$ 48,922
Federal Transportation Administration (FTA)	71,557
Federal Highway Administration (FHWA)	260,900
Delta Regional Authority	<u>11,542</u>
	<u>\$ 392,921</u>

Note 8. Operating Transfers

The Commission uses operating transfers to pay expenditures in excess of combined grant and match income. There were no expenditures in excess of combined grant and match income in the 2013 fiscal year. Therefore, there were no transfers in 2013.

Note 9. Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

Note 10. Cafeteria Plan

IMCAL offers its employees a flexible benefit plan known as a cafeteria plan, created in accordance with Internal Revenue Code Section 125. The plan, available to all full time employees, permits them to elect to have a portion of their salary paid to the plan and thereby not be subject to federal income or social security taxes on these amounts. Therefore, the plan allows the plan participants to use tax-free dollars to pay for certain kinds of benefits and expenses that would normally be paid



for with out of pocket, taxable dollars. Any amounts remaining in employee reimbursement accounts at the end of the plan year for which reimbursement of qualifying expenses has not been requested are forfeited.

Note 11. Lease Commitments

The Commission leased its office space at a monthly rate of \$1,733. The yearly lease is renewable each July by the Commission. The lease expenditure for the year ended June 30, 2013 is \$22,776. This lease was terminated subsequent to June 30, 2013 (see Note 15).

The commission leased a storage unit at a monthly rate of \$87. This lease is a month-to-month lease. Total lease expenditure for the year ended June 30, 2013 is \$1,042.

Note 12. Retirement Commitments

The Commission employees are members of the U.S. Social Security system that administers the plan and is responsible for benefit payments.

Note 13. Contingent Liabilities and Commitments

The Commission does not have any pending litigation cases at June 30, 2013.

The Commission's management believes that any potential lawsuits would be adequately covered by insurance.

The Commission receives revenues from various federal and state grant programs that are subject to final review and approval as to the permissibility of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the Commission.

Note 14. Risk Management

As discussed in Note 1-F, the Commission has purchased commercial insurance for its auto and dishonesty insurance. They have not retained any risk with respect to these activities. There were no significant reductions in coverages from the previous year for these policies and no significant claims in excess of insurance coverage.



The Commission also participates in the Louisiana Parish Government Risk Management Agency pool for its workers' compensation insurance coverage. The Commission is assessed an annual fee of approximately \$2,000 in exchange for this insurance coverage. Other than the annual premium, there have been no other assessments made by the pool and no further requirements imposed on the Commission.

#### Note 15. Subsequent Events

The lease for office space in Note 11 was terminated in July of 2013. A new lease for office space was entered in September of 2013 for a 5 year lease at a monthly rental of \$2,100 for the first twelve months and \$2,500 for the remaining term.

Subsequent events have been evaluated through December 19, 2013, the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedule

IMPERIAL CALCASIEU REGIONAL PLANNING & DEVELOPMENT COMMISSION

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Grant income	\$ 375,509	\$ 310,666	\$ 313,759	\$ 3,093
Local match	98,173	118,153	94,611	(23,542)
Dues	135,191	122,822	122,822	-
Other revenue	6,200	10,196	16,495	6,299
Total revenues	<u>615,073</u>	<u>561,837</u>	<u>547,687</u>	<u>(14,150)</u>
EXPENDITURES				
Personnel costs	310,179	349,539	316,598	32,941
Space rental	36,800	23,818	23,819	(1)
Travel	16,999	19,904	18,403	1,501
Equipment	2,000	1,724	1,724	-
Phone/supplies/postage	8,500	7,775	7,572	203
Insurance	9,200	8,015	7,885	130
Matching funds expenses	98,173	118,153	94,611	23,542
Other expenses	96,439	44,624	41,987	2,637
Total expenditures	<u>578,290</u>	<u>573,552</u>	<u>512,599</u>	<u>60,953</u>
Excess (deficiency) of revenues over expenditures	36,783	(11,715)	35,088	46,803
Fund balance - beginning of year	<u>158,330</u>	<u>158,330</u>	<u>158,330</u>	<u>-</u>
Fund balance - end of year	<u>\$ 195,113</u>	<u>\$ 146,615</u>	<u>\$ 193,418</u>	<u>\$ 46,803</u>

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF REVENUES AND EXPENDITURES - GRANT FUNDS  
Year Ended June 30, 2013

	Economic Development Administration		
	EDA 10-12	EDA 13-15	Delta 03
REVENUES			
Federal and state grants	\$ -	\$ 18,803	\$ 11,542
Local match - IMCAL	22,061	8,058	-
Total revenues	22,061	26,861	11,542
EXPENDITURES			
Salaries	10,898	14,115	1,807
Fringe benefits	2,092	2,578	255
Consultants and contractors	-	-	-
Travel	795	1,250	1,484
Supplies	-	49	-
Miscellaneous	-	-	-
Publications and printing	19	14	-
Registration and subscriptions	415	12	-
Postage	2	47	15
Equipment	-	-	-
Advertising	-	-	-
Indirect expenses	7,840	8,796	1,201
Total expenditures	22,061	26,861	4,762
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 6,780

Note 1: The above schedule includes the current year's accrual of leave costs of \$6,668, which are charged as an indirect cost for accounting purposes. The schedule does not include non-federal expenditures of \$123,193. For financial statement purposes, the denoted items, when combined with the total expenditures on this schedule, will reconcile to the total expenditures in the statement of revenues and expenditures, and changes in fund balance - general fund on this report.

Department of Transportation					
LAPDD 09-10	FTA RT 12-13	FTA 11-12	FTA 12-13	FHWA 12-13	Total (Memo Only)
\$ -	\$ 9,996	\$ 6,478	\$ 42,770	\$ 208,720	\$ 298,309
-	-	1,620	10,693	52,180	94,612
-	9,996	8,098	53,463	260,900	392,921
1,591	5,493	3,087	25,225	135,559	197,775
298	866	490	4,089	22,815	33,483
-	-	-	-	-	-
150	-	1,265	5,923	6,612	17,479
-	-	-	-	933	982
-	-	-	-	817	817
152	-	-	22	14	221
-	-	1,290	1,310	1,499	4,526
-	-	-	28	39	131
-	-	-	-	382	382
-	-	-	-	2,074	2,074
1,058	3,653	1,966	16,866	90,156	131,536
3,249	10,012	8,098	53,463	260,900	389,406
\$ (3,249)	\$ (16)	\$ -	\$ -	\$ -	\$ 3,515

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CFF - Certified Financial Forensics  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the  
Imperial Calcasieu Regional Planning  
and Development Commission  
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Imperial Calcasieu Regional Planning and Development Commission as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Imperial Calcasieu Regional Planning and Development Commission's basic financial statements and have issued our report thereon dated December , 2013.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider items 13-1 through 13-2, which we described in the accompanying schedule of findings and questioned costs to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### **Imperial Calcasieu Regional Planning and Development Commission's Response to Findings**

The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.



### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is solely for the information and use of the members of the Imperial Calcasieu Regional Planning & Development Commission and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*MS Elroy Quirk & Burch*

Lake Charles, Louisiana  
December 19, 2013

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS  
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
Year Ended June 30, 2013

I. Summary of Auditors' Results:

A) Type of Auditors' Report on Financial Statements:

Unqualified Opinion

B) Significant Deficiencies and Material Weaknesses in Audit of Financial Statements:

Items 13-1 and 13-2 are material weaknesses.

II. Compliance and Internal Control over Financial Reporting:

A) Internal Control - Financial Statement Audit

13-1 Lack of Segregation of Duties

Finding: Effective internal control is dependent to a great extent on segregation of responsibilities for initiating, evaluating, and approving transactions from those for detail accounting and other related functions.

Criteria: Proper internal controls require that there be segregation of certain duties.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Cause: Because of the entity's size, segregation of duties is not always feasible.

Recommendation: As in the previous year, we recommend that the executive director and board members continue to take an active interest in the monitoring of the Commission's financial information.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF CURRENT YEAR FINDINGS  
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
Year Ended June 30, 2013  
(Continued)

Response: At this point, it is not feasible to increase the size of our accounting staff in order to provide proper segregation of duties. As we have done in the past, the management will continue to take the necessary actions to properly monitor the financial activities of the Commission that will include participation in the review of the monthly accounting data.

13-2 Controls over Financial Reporting

Finding: In our judgment, the Commission's accounting personnel and those charged with governance, in the course of their assigned duties, lack the resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. SAS No. 112 emphasizes that the auditor cannot be part of the system of internal control over financial reporting.

Effect: Material misstatements in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

IMPERIAL CALCASIEU REGIONAL PLANNING AND DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS  
PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
Year Ended June 30, 2013

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

- |      |                                      |   |
|------|--------------------------------------|---|
| 12-1 | Lack of segregation of duties        | Unresolved - See comment 13-1 in<br>Schedule of Current Year Findings |
| 12-2 | Controls over financial<br>reporting | Unresolved - See comment 13-2 in<br>Schedule of Current Year Findings |
| 12-3 | Budget law compliance                | Resolved during year ended June 30,<br>2013.                          |